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Sexist bosses could lose public contracts

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Sexist employers will be denied lucrative public sector contracts under proposals being drawn up by the Prime Minister's advisers to stamp out prejudice against women at work.

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The move follows evidence that the City only began to take its reputation for crude machismo seriously when corporate clients, alarmed by the number of women bankers suing for sexual harassment, threatened to withhold business from leading banks because of the negative publicity.

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Cases such as that of Elizabeth Weston, who won £1 million from bankers Merrill Lynch over lewd comments made at a Christmas party, or Schroder Securities analyst Julie Bower - dismissed in an email written by a colleague as 'had cancer, been a pain, got pregnant' - have highlighted the issue.

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Now the Women and Work Commission, set up by Tony Blair to investigate why women still get a raw deal at work, is drawing up plans to tackle it by novel means.

It believes the granting of state contracts worth millions of pounds, for anything from canteen catering to legal or financial advice, could be used to penalise firms reluctant to put their house in order.

Under their proposals, public bodies would have to consider issues such as a firm's track record on equal pay or sexual harassment before giving them work.

A spokesman for the thinktank, the Fawcett Society, said the plans could hit unco-operative bosses where it hurt. 'This would be a powerful tool in the government's hands,' said a spokeswoman.

'We would like to see only companies who have implemented equal pay audits (checking what female and male staff are paid) and are actually working to improve gender equality to get Government contracts.'

But John Redwood, the Tories' shadow deregulation minister, said the idea was a 'nonsense' that could mean the wrong firms getting contracts. 'There's no need then to have another enforcement through public procurement,' he said.

'The aim should be to buy the best product at the best price. As soon as you start introducing these other considerations you take it into the world of value judgments.'

The commission, chaired by former trade unionist Margaret Prosser, is also drawing up plans for a state-funded programme of 'second chances' for women who either went into low paid careers but now want to retrain, or high-flying women who gave up their careers to have children and are now seeking a way back in.

'Equality reps' could also be appointed in workplaces to monitor sex and race prejudice, modelled on health and safety representatives. The commission is not due to report until autumn, and has yet to finalise its proposals. But its research suggests some unexpected causes of the pay gap between men and women, which means full-time working women earn only 82 pence for every pound in a man's pay packet.

The biggest cause is now thought to be gender segregation, with women clustered in low-paid professions such as care assistants and shop workers, while men dominate the lucrative professions, the better-paid manual and semi-skilled jobs.

Around 13 per cent of the pay gap is thought to be down to 'unexplained' reasons - which would include straightforward crude sexism.

The Commons Trade and Industry select committee, which produced a report on gender segregation before the election, concluded that the Government should use procurement policies to take a lead on sex equality.

In its response, Ministers said they would ensure public authorities considered 'in a proper, proportionate and relevant manner gender equality issues in the granting of contracts.'

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